

**TO:** Leadership Council

**FROM:** David Dicks, Executive Director  
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**SUBJECT: Spending Plan for Remaining FFY 2008 Appropriation for Action Agenda Development and Implementation**

## **Background**

In the FFY 2008 federal budget the Environmental Protection Agency received \$19.68 million for "... the continued development and implementation of the Puget Sound 2020 Action Agenda. These funds provide for grants to the Partnership under the National Estuary Program (Section 320) as well as grants, contracts and support for other aspects of the Action Agenda." The broad language in the Omnibus budget bill allows the money to be used for grants, contracts, interagency agreements or direct EPA staffing in support of the Action Agenda. Grants provided to the Partnership under the National Estuary Program will require a 50% non-federal match. This match can be either a financial or in-kind match. Direct grants by EPA to other federal agencies do not require a corresponding match.

To date the Environmental Protection Agency has obligated \$10 million for activities related to Action Agenda Development, Science, and implementation of specific projects. Below is a specific proposed plan for allocating the remaining FFY 2008 appropriation. In order to meet the appropriations requirement that funds be obligated within two years, the Partnership and other participating agencies need to submit a proposal to EPA by the beginning of April 2009.

## **Selection Process**

Projects and activities proposed for funding were developed in consultation with EPA, the Department of Ecology, the Science Panel, the Invasive Species Council, local governments and other appropriate federal agencies. The Science Panel has provided comment and suggested specific items for funding.

Activities selected generally fall into the following categories:

1. Identified as a High Priority in the Action Agenda
2. Identified as a priority by the Science Panel in the Biennial Science Workplan
3. Continuation of projects initiated in the first round of FFY 2008 funding
4. Support to the Partnership to implement high priority Partnership responsibilities.
5. Activity for which state funding is not available.

The current proposal would have funding allocated through the appropriate agencies for the following amounts:

1. Environmental Protection Agency (EPA): \$325,000
2. Department of Ecology: \$2.5 million
3. Recreation and Conservation Office: \$221,000
4. Puget Sound Partnership: \$7.04 million

The items proposed in this package should be viewed in relationship to the total source of funds anticipated for the 2009-11 Biennium. The Governor's 2009-11 budget recommendation includes \$282 million, the vast majority of which is for capital programs to restore habitat or complete infrastructure projects. The federal stimulus package also will be available for the same purpose. The Governor's budget proposal only provides \$15 million for noncapital expenditures and no state funding for scientific research or monitoring. As a result, no funding is included in this package or restoration projects based upon the assumption that the federal stimulus and the state capital budget will provide funding for high priority restoration or infrastructure projects.

Additional federal funding will also be forthcoming. On March 11, the President signed the omnibus federal appropriation bill for FFY 2009 that provides an additional \$20 million to the Environmental Protection Agency for Puget Sound restoration. This funding is required to be awarded competitively. EPA and the Partnership will soon be discussing options and methods to award these funds and will consult the Leadership Council, Ecosystem Coordinating Board, and Science Panel and others in this process.

### **Next Steps**

At its February meeting the Leadership Council reviewed an initial proposal to allocate the remaining funding. Since that time, Partnership staff has worked with state agencies and other groups to complete the final funding package. Major changes from the previous draft list includes:

1. Addition of Invasive Species Data Base Request (+\$221,000)
2. Reduction in Puget Sound DO/Nutrient Work (- \$420,000)
3. Addition of additional task for Toxics loading (+\$220,000)
4. Additional funding for PSP staffing and regional support (+\$250,000)

The Leadership Council is asked to approve this final spending plan that will then be submitted as a recommendation to the Environmental Protection Area Region 10 for ultimate approval by EPA headquarters.

The following plan is proposed organized by Action Agenda Strategic Priority:

### **Priority A: Protect Intact Ecosystem Processes, Structures and Functions:**

1. **Watershed Characterization and Assessment – DOE (\$1.4 million)** The Action Agenda has identified as the highest priority under this strategic priority the completion of watershed based assessments and related maps for each watershed in Puget Sound to identify the most urgent and important sites for protection (Near Term Action A.1.3). This proposal would build upon existing work done by the Department of Ecology, and incorporate habitat data

from the Department of Fish and Wildlife and other available sources. This project will complete mapping for the entire Puget Sound.

2. **Puget Sound Invasive Species Database – Recreation and Conservation Office (RCO) (\$221,000)** Invasive species in Puget Sound compete with native species, alter habitat, disturb sediment levels, and change temperature and nutrient levels. Invasive species also threaten commercial and recreational activities in Puget Sound. The RCO will develop a baseline and database of invasive species in Puget Sound to guide control efforts Action Agenda (Near Term Action A.5.3).
3. **Shellfish Emergency Monitoring – PSP (\$150,000)** For the past three years water quality conditions in the Pacific Ocean including Puget Sound have severely impacted commercial hatchery production of oyster seed upon which oyster farms are dependent. Simultaneously, natural oyster sets have also seen reductions. Although these reductions have been greater in coastal areas, they have also occurred in Puget Sound. The reasons for this decline are linked to changes in water chemistry due to higher than normal upwelling, and increase in the prevalence of a pathogenic bacterium. The Action Agenda includes a near term action to increase capacity to respond to invasive species (Near Term Action A.5.4) and promotes the support of aquatic lands to provide abundant shellfish for commercial, subsistence and recreational harvest (A.4.4) In order to understand changes that are occurring in Puget Sound, additional monitoring will occur in Hood Canal and the South Sound in oyster growing areas to gather data on pH, dissolved CO<sub>2</sub>, nutrients, plankton and marine bacteria.

### **Priority C: Reduce Sources of Water Pollution**

1. **Puget Sound Dissolved Oxygen/Nutrient Studies - DOE (\$880,000)** Low dissolved oxygen (DO) levels and excessive nutrients have been identified as a concern in South Puget Sound. Implementing priority strategies and actions to reduce low DO in South Sound including the Department of Ecology's South Sound Dissolved Oxygen Study is identified as a near term action in the Action Agenda (Near Term Action C.1.9). The initial uses of the federal FFY 2008 appropriation included funding for DOE to complete models of nutrient source control strategies and to evaluate nutrient removal technologies. Additional funding is proposed for the Department of Ecology to build upon this work by developing site specific costs to remove nutrients from wastewater treatment plants affecting South Puget Sound; to conduct outreach with stakeholders on the South Puget Sound DO Study; and to continue to refine the South Sound DO Model. The EPA will also receive funding to conduct a peer review of the South Puget Sound DO study.
2. **Toxics Loading Study- DOE (\$1.255 million)** Toxics loading, particularly from stormwater is identified in the Action Agenda as a major factor limiting recovery. Continuing scientific work to better understand the sources, transport and fate of toxics in Puget Sound is recommended in the Action Agenda (C.1.1.10). EPA provided initial funding to DOE to complete toxic loading estimates for Puget Sound with the first \$10 million portion of funding. Two of these tasks recognized and assumed a second year of funding. Work will be completed to refine loading estimates from the four major land uses in Puget Sound (commercial/industrial, residential, agricultural, and forest/field) as well as determine seasonal changes in the loading of toxic chemicals from the Pacific Ocean to Puget Sound

and from watersheds that discharge to Puget Sound. Work will also be done to complete the toxics loading study.

- 3. Low Impact Development LID – DOE (\$351,000)** Stormwater runoff is a significant contributor of toxics to Puget Sound. The Action Agenda identifies a need to assist cities and counties to in incorporating LID requirements into all stormwater codes (Near-Term Action C.2.4). An August 2008 Pollution Control Hearing Board (PCHB) ruling remanded the Phase I permit to DOE to “ ... require non-structural preventive actions and source reduction approaches, including Low Impact Development Techniques (LID) where feasible. “ Funding will be used to develop site and subdivision-scale LID performance standards, define feasibility and other technical standards necessary to meet water quality standards. DOE will then use these standards to modify its National Pollution Discharge Elimination System (NPDES) Phase I and II municipal stormwater permits as well as update the Western Washington stormwater manual.

#### **Priority D: Work effectively and efficiently together on priority actions**

- 1. Salmon Recovery Watershed Lead Support – PSP (\$735,000)** The Action Agenda identifies the need to fund salmon recovery lead entities and other collaborative groups to continue existing work and address Action Agenda priorities (Near Term Action D.3.2). One of the biggest challenges for salmon recovery, and ecosystem recovery, is that the capacity of watersheds to implement the Action Agenda, including the Salmon Recovery Plan, is eroding as local governments face shrinking revenue. Resources to support lead entity core staff are declining. Grants of \$50,000 will be issued to each of the 14 salmon recovery watershed lead entities to support the core functions for implementation of salmon recovery and the Action Agenda including maintaining three year workplans, outreach and education, and coordinating with watershed planning efforts.
- 2. Puget Sound Partnership Capacity and Programs – PSP (\$1,575,000)** The Puget Sound Partnership has significant responsibilities in implementing actions contained in the Action Agenda. Continuing and enhancing the Partnership’s role in collaboration, conflict resolution, coordinate actions and advocate for Action Agenda implementation is included in the Action Agenda (D.3.1.1). Given the current status of state revenues, reductions in state funding for Partnership operations are likely. Additional funding will be provided to the Partnership to in order to maintain current level of effort and to undertake additional work outlined in the Action Agenda. Areas of focus are anticipated to include accountability, data system management, local support and action implementation. The exact details will be defined with EPA following adoption of the state budget.
- 3. Tribal Support – EPA (\$200,000)** The Puget Sound Tribes have been actively engaged in the development of the Action Agenda and EPA has provided financial support for high priority restoration work in tribal watersheds through the Northwest Indian Fisheries Commission. Two non-NWIFC tribes are seeking financial support for work in their watersheds. EPA would provide direct funding to these tribes following review of grant applications. Such support is recommended in the Action Agenda (Near Term Action D.3.3)

### **Priority E.1 Build and Use performance management system to improve accountability**

1. **Implement Performance Management - PSP (\$234,000)** Accountability is one of the statutory charges of the Partnership and specified in the Action Agenda. Completion of an activity integration database is specified in the Action Agenda (Near Term Action E.1.8) Funding was provided from the initial allocation of FFY 08 funds for the development of an accountability data system to track implementation of the Action Agenda. Once this system is in place additional resources will be used to maintain the system, prepare reports and assist with data entry. If available additional resources would also be put into implementing other accountability requirements.

### **Priority E.3. Biennial Science Workplan**

1. **Water Quality Status and Trends Monitoring - PSP (\$498,000)** Maintaining and expanding status and trends monitoring programs is specified in the Action Agenda (Near Term Action E.3.1). In the 2008 Supplemental budget the state provide funding to the Partnership for the development of a regional water quality status and trends monitoring system. This system is necessary to determine the impact of habitat improvement activities and is required to meet NOAA delisting criteria for salmon. Although the Partnership made a request, no additional funding was provided in the Governor's 2009-11 Biennial budget to actually collect status and trends data. The Governor directed that the Partnership use federal funds to complete this work. PSP will implement this task through an interagency agreement with DOE.
2. **Implement Biennial Science Workplan – PSP (\$1.55 million)** The Biennial Science Workplan identifies several items that require additional funding. At the request of the Science Panel, specific high priority items currently being finalized include additional support for modeling and adaptive management for Integrated Ecosystem Assessment (IEA) modeling of Puget Sound as well as PSP staff to coordinate other modeling efforts (Near Term Action E.3.3 and E3.10); staff to work with PSAR, ESRP and others to integrate adaptive management into nearshore and other projects (E3.3). Funding will also be used to develop and commission technical work groups (Near Term Action E.3.8) to support science based work of the Science Panel and to develop a process for competitive solicitation of research proposals and peer review of PSP science work (Near Term Action E.3.9).
3. **State of the Sound and Puget Sound Science Updates - PSP (\$800,000)** The State of the Sound report is to be completed by November 1, 2009 and the Puget Sound Science is due in April 2010. One PSP staff position will be used to assist in completing the SOS analysis and reporting on status and trends of ecosystem indicators and to coordinate additional synthesis and analysis for developing the Puget Sound Science Update (Near Term Action E.3.5, E.3.6).